

**EIGHTY-SEVENTH GENERAL ASSEMBLY
2018 REGULAR SESSION
DAILY
HOUSE CLIP SHEET**

April 10, 2018

Clip Sheet Summary

Displays all amendments, fiscal notes, and conference committee reports for previous day.

Bill	Amendment	Action	Sponsor
HF 2479	H-8371	Filed	NIELSEN of Johnson

Fiscal Notes

[HF 2481](#) — [Secure an Advanced Vision for Education Extension](#) (LSB5423HZ)

HOUSE FILE 2479

H-8371

1 Amend House File 2479 as follows:

2 1. By striking page 1, line 1, through page 3, line 18, and
3 inserting:

4 <Section 1. Section 359.42, Code 2018, is amended to read
5 as follows:

6 **359.42 Township fire protection service, emergency warning
7 system, and emergency medical service.**

8 Except as otherwise provided in section 331.385, the
9 trustees of each township shall provide fire protection service
10 for the township, exclusive of any part of the township within
11 a benefited fire district and may provide emergency medical
12 service. However, except as otherwise provided in section
13 331.385, the trustees of a township shall provide emergency
14 medical service for the township if required to do so by a
15 proposition approved under section 359.44. The trustees may
16 purchase, own, rent, or maintain fire protection service or
17 emergency medical service apparatus or equipment or both
18 kinds of apparatus or equipment and provide housing for the
19 equipment. The trustees of a township which is located within
20 a county having a population of three hundred thousand or
21 more may also establish and maintain an emergency warning
22 system within the township. The trustees may contract with a
23 public or private agency under chapter 28E for the purpose of
24 providing any service or system required or authorized under
25 this section.>

26 2. By striking page 4, line 35, through page 5, line 4.

27 3. Page 5, line 5, by striking <4.> and inserting <3.>

28 4. Page 5, line 15, by striking <5.> and inserting <4.>

29 5. Page 5, line 17, by striking <6.> and inserting <5.>

30 6. Page 5, by striking line 22 and inserting:

31 <6. In lieu of the procedure under subsection 5, the>

32 7. Page 5, by striking lines 27 through 31.

33 8. Title page, by striking lines 1 through 5 and inserting
34 <An Act establishing a process for voter approval of a
35 proposition to require a township to provide emergency medical

H-8371 (Continued)

1 service.>

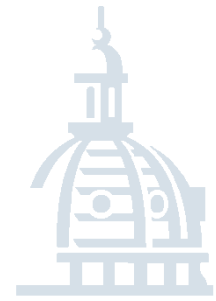
2 9. By renumbering, redesignating, and correcting internal
3 references as necessary.

By NIELSEN of Johnson

H-8371 FILED APRIL 9, 2018

Fiscal Note

Fiscal Services Division



HF 2481 – Secure an Advanced Vision for Education Extension (LSB5423HZ)

Analyst: Josie Gerrietts (515.238.2833) josie.gerrietts@legis.iowa.gov

Fiscal Note Version – REVISED (Assumptions)

Description

House File 2481 contains multiple provisions regarding the Secure an Advanced Vision for Education (SAVE) and Property Tax Equity Relief (PTER) Fund. The Bill provides for the extension of the one-cent sales tax that is distributed to school districts for the following uses:

- Reduction of bond levies.
- Reduction of regular and voted physical, plant, and equipment levies (PPEL).
- Reduction of the public educational and recreation levy (PERL).
- Authorized infrastructure projects.
- Payment of principal and interest on bonds issued under the School Infrastructure Local Option (SILO) sales tax or SAVE.

The Bill extends the sunset of SAVE to January 1, 2050, and adjusts the amount of funds being directed into the PTER Fund. For fiscal years in which the growth of SAVE is more than 2.0% over the previous fiscal year, the amount directed into the PTER Fund will increase by 1.0% until it reaches a cap of 12.0% of the funds generated by SAVE. Under the Bill, one-third of the increase in funds each year will flow into a newly created Foundation Base Percentage Fund (FBPF) within the PTER Fund, which will function to increase the State cost per pupil foundation level. The current foundation level is set in Iowa Code section [257.1\(2\)\(b\)](#) as 87.5% of the State cost per pupil.

The Bill also creates a fund for career academies, which will receive an annual distribution from the SAVE Fund. The Department of Education is directed to adopt rules for the distribution of these funds in the form of competitive grants that may be awarded to schools for use on career academy infrastructure and equipment. If the growth of SAVE is more than 2.50% over the previous fiscal year, the amount allocated to the career academies fund is to increase by 0.5% of the amount of SAVE Funds available after the distribution to the PTER Fund and the FBPF, to a maximum of \$5.0 million.

The Bill also makes changes to requirements for revenue purpose statements under SAVE and requirements for the issuance of bonds under SAVE. Changes include requiring the completion of a cost-benefit analysis of remodeling or repairing existing buildings and requiring that if a school district proposes an athletic infrastructure project using SAVE funds, the district must hold a public hearing on the proposed use of the funds. After the public hearing on a proposed sports or athletic facility, if a vote is successfully petitioned for, the district must hold a vote on the use of the funds. All bonds sales must receive public notice and are subject to a petitioned vote.

Background

During the 2008 Legislative Session, the General Assembly enacted [HF 2663](#) (State Sales and Use Tax for School Infrastructure Act). Beginning July 1, 2008, the Act repealed the SILO sales tax, which was enacted by individual counties; increased the State sales tax from 5.0% to 6.0%;

and designated the 1.0% increase be used for school infrastructure purposes and property tax relief. The State sales/use tax for school infrastructure (SAVE) is currently set to be repealed at the end of calendar year 2029.

In FY 2015, the rate of distribution into the PTER Fund was set at 2.1% of the total funding generated by the 1.0% SAVE sales tax. The remaining 97.9% of the 1.0% sales tax is distributed to school districts on a per-pupil basis. The PTER funding generated by SAVE is combined with an annual \$24.0 million General Fund standing appropriation and is used within the State school aid formula to reduce the additional property tax levy for districts with the highest property tax rates. For the purpose of the FY 2018 school aid formula, the 2.1% allocation generated \$9.7 million, or a total of \$33.7 million, in funding for PTER, which was distributed across 61 school districts with the highest additional property tax rates. The FY 2018 PTER distribution was based on the total FY 2016 funds generated by SAVE.

The FBPF is a new fund that will supplant Property Tax Replacement Payment (PTRP) funds within the school aid formula. However, it is not expected under the current calculation that the FBPF will fully replace the PTRP. The per-pupil PTRP payment is calculated annually to fix the per-student additional levy portion of the State cost per pupil at the FY 2013 level, or \$750 per student. In FY 2019, the PTRP is \$92 per student, totaling an estimated \$52.1 million. The PTRP is fixed at the current year rate unless legislation is passed to increase the payment with the increase in the State cost per pupil.

Assumptions

- Estimated FY 2017 and FY 2018 increases in SAVE are set at a 2.45% growth rate based on estimates from the Department of Revenue.
- The growth rate for estimated FY 2019 to FY 2050 is set at 2.48% based on the average annual growth of SAVE from FY 2009 to estimated FY 2017.
- The amount of the PTER Fund transfer will increase by 1.0% annually beginning in FY 2019 until FY 2028, when it will reach 12.0%. If SAVE revenue does not grow at a rate greater than 2.0% each year between FY 2019 and FY 2026, it may take longer to reach the 12.0% cap.
- The allocation to career academies is held at \$1.0 million. If the growth rate in SAVE is greater than 2.50%, the allocation to career academies will be \$5.0 million for that year and subsequent fiscal years; one-half percent of SAVE is significantly greater than this maximum cap.
- The PTER distribution for the upcoming fiscal year is based on the previous fiscal year's final receipts; the PTER distribution for FY 2019 is based on final FY 2017 income. Therefore, changes to the PTER Fund and the creation of the FBPF will not take effect within the school aid formula until the FY 2021 school year.
- The \$24.0 million standing appropriation to PTER will continue.

Fiscal Impact

The attached table (**Attachment A**) shows the estimated fiscal impact on distribution to schools for SAVE purposes and distribution to the PTER Fund and FBPF until FY 2050. Fiscal year 2050 is a half fiscal year.

Beginning in FY 2021, the General Fund appropriation for State school aid will be reduced by the amount allocated to the FBPF through the reduction of the PTRP.

Sources

Department of Revenue
Department of Management
Iowa Association of School Boards
LSA analysis and calculations

/s/ Holly M. Lyons

April 9, 2018

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

Attachment A

LSA: Current Law and HF 2481 Changes SAVE and PTER Estimates

Current Law Estimates							Estimated Changes to SAVE and PTER – HF 2481							
Fiscal Year*	Est. SAVE Fund Growth Rate	SAVE Allocation to School Districts	Percent Allocated to PTER	Est. PTER Allocated From SAVE	PTER Standing Appropriation	Est. Total Funding Allocated to PTER	SAVE Allocation to School Districts	Career Academies Distribution	Percent Allocated to PTER	Est. SAVE Allocated to PTER	Est. PTER Distribution		PTER Standing Appropriation	Est. Total Adjust Additional Levy
											Adj. Additional Levy Allocation From SAVE	Funding Allocated to FBPF		
FY 2017	2.45%	\$ 454,315,075	2.10%	\$ 9,745,267	\$ 24,000,000	\$ 33,745,267	\$ 454,315,075	\$ 0	2.10%	\$ 9,745,267	\$ 9,745,267	\$ 0	\$ 24,000,000	\$ 33,745,267
FY 2018	2.45%	465,441,764	2.10%	9,983,940	24,000,000	33,983,940	465,441,764	0	2.10%	9,983,940	9,983,940	0	24,000,000	33,983,940
FY 2019	2.48%	476,984,720	2.10%	10,231,541	24,000,000	34,231,541	471,112,557	1,000,000	3.10%	15,103,704	13,479,650	1,624,054	24,000,000	37,479,650
FY 2020	2.48%	488,813,941	2.10%	10,485,284	24,000,000	34,485,284	477,827,956	1,000,000	4.10%	20,471,268	17,142,607	3,328,661	24,000,000	41,142,607
FY 2021	2.48%	500,936,527	2.10%	10,745,319	24,000,000	34,745,319	484,586,071	1,000,000	5.10%	26,095,774	20,978,956	5,116,818	24,000,000	44,978,956
FY 2022	2.48%	513,359,752	2.10%	11,011,803	24,000,000	35,011,803	491,384,890	1,000,000	6.10%	31,986,665	24,995,044	6,991,621	24,000,000	48,995,044
FY 2023	2.48%	526,091,074	2.10%	11,284,895	24,000,000	35,284,895	498,222,276	1,000,000	7.10%	38,153,694	29,197,428	8,956,266	24,000,000	53,197,428
FY 2024	2.48%	539,138,133	2.10%	11,564,761	24,000,000	35,564,761	505,095,959	1,000,000	8.10%	44,606,934	33,592,877	11,014,058	24,000,000	57,592,877
FY 2025	2.48%	552,508,759	2.10%	11,851,567	24,000,000	35,851,567	512,003,536	1,000,000	9.10%	51,356,790	38,188,382	13,168,408	24,000,000	62,188,382
FY 2026	2.48%	566,210,976	2.10%	12,145,486	24,000,000	36,145,486	518,942,459	1,000,000	10.10%	58,414,003	42,991,164	15,422,839	24,000,000	66,991,164
FY 2027	2.48%	580,253,008	2.10%	12,446,694	24,000,000	36,446,694	525,910,035	1,000,000	11.10%	65,789,667	48,008,676	17,780,991	24,000,000	72,008,676
FY 2028	2.48%	594,643,283	2.10%	12,755,372	24,000,000	36,755,372	533,510,816	1,000,000	12.00%	72,887,839	52,843,683	20,044,156	24,000,000	76,843,683
FY 2029	2.48%	609,390,436	2.10%	13,071,705	24,000,000	37,071,705	546,766,684	1,000,000	12.00%	74,695,457	54,154,206	20,541,251	24,000,000	78,154,206
FY 2030	2.48%	312,251,659	2.10%	6,697,942	24,000,000	30,697,942	560,351,298	1,000,000	12.00%	76,547,904	55,497,231	21,050,674	24,000,000	79,497,231
FY 2031					24,000,000	24,000,000	574,272,810	1,000,000	12.00%	78,446,292	56,873,562	21,572,730	24,000,000	80,873,562
FY 2032					24,000,000	24,000,000	588,539,576	1,000,000	12.00%	80,391,760	58,284,026	22,107,734	24,000,000	82,284,026
FY 2033					24,000,000	24,000,000	603,160,157	1,000,000	12.00%	82,385,476	59,729,470	22,656,006	24,000,000	83,729,470
FY 2034					24,000,000	24,000,000	618,143,329	1,000,000	12.00%	84,428,636	61,210,761	23,217,875	24,000,000	85,210,761
FY 2035					24,000,000	24,000,000	633,498,084	1,000,000	12.00%	86,522,466	62,728,788	23,793,678	24,000,000	86,728,788
FY 2036					24,000,000	24,000,000	649,233,636	1,000,000	12.00%	88,668,223	64,284,462	24,383,761	24,000,000	88,284,462
FY 2037					24,000,000	24,000,000	665,359,430	1,000,000	12.00%	90,867,195	65,878,716	24,988,479	24,000,000	89,878,716
FY 2038					24,000,000	24,000,000	681,885,144	1,000,000	12.00%	93,120,701	67,512,509	25,608,193	24,000,000	91,512,509
FY 2039					24,000,000	24,000,000	698,820,696	1,000,000	12.00%	95,430,095	69,186,819	26,243,276	24,000,000	93,186,819
FY 2040					24,000,000	24,000,000	716,176,249	1,000,000	12.00%	97,796,761	70,902,652	26,894,109	24,000,000	94,902,652
FY 2041					24,000,000	24,000,000	733,962,220	1,000,000	12.00%	100,222,121	72,661,038	27,561,083	24,000,000	96,661,038
FY 2042					24,000,000	24,000,000	752,189,283	1,000,000	12.00%	102,707,629	74,463,031	28,244,598	24,000,000	98,463,031
FY 2043					24,000,000	24,000,000	770,868,377	1,000,000	12.00%	105,254,779	76,309,715	28,945,064	24,000,000	100,309,715
FY 2044					24,000,000	24,000,000	790,010,713	1,000,000	12.00%	107,865,097	78,202,195	29,662,902	24,000,000	102,202,195
FY 2045					24,000,000	24,000,000	809,627,779	1,000,000	12.00%	110,540,152	80,141,610	30,398,542	24,000,000	104,141,610
FY 2046					24,000,000	24,000,000	829,731,348	1,000,000	12.00%	113,281,547	82,129,122	31,152,426	24,000,000	106,129,122
FY 2047					24,000,000	24,000,000	850,333,485	1,000,000	12.00%	116,090,930	84,165,924	31,925,006	24,000,000	108,165,924
FY 2048					24,000,000	24,000,000	871,446,555	1,000,000	12.00%	118,969,985	86,253,239	32,716,746	24,000,000	110,253,239
FY 2049					24,000,000	24,000,000	893,083,230	1,000,000	12.00%	121,920,440	88,392,319	33,528,121	24,000,000	112,392,319
FY 2050					24,000,000	24,000,000	457,128,247	1,000,000	12.00%	62,472,034	45,292,224	17,179,809	24,000,000	69,292,224

*Distribution of PTER funds is two years in arrears. Fiscal year 2019 PTER and FBPF funds will be distributed with the FY 2021 school aid formula.

Under current law, SAVE sunsets on January 1, 2030.

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